



## **FEDERAL RESERVE SYSTEM**

### **Agency Information Collection Activities: Announcement of Board Approval under Delegated Authority and Submission to OMB**

**AGENCY:** Board of Governors of the Federal Reserve System.

**SUMMARY:** The Board of Governors of the Federal Reserve System (Board) is adopting a proposal to extend for three years, with revision, the Federal Reserve Payments Study (FR 3066; OMB No. 7100-0351).

**FOR FURTHER INFORMATION CONTACT:** Federal Reserve Board Clearance Officer – Nuha Elmaghrabi – Office of the Chief Data Officer, Board of Governors of the Federal Reserve System, Washington, DC 20551, (202) 452-3829.

Office of Management and Budget (OMB) Desk Officer – Shagufta Ahmed – Office of Information and Regulatory Affairs, Office of Management and Budget, New Executive Office Building, Room 10235, 725 17<sup>th</sup> Street, NW, Washington, DC 20503, or by fax to (202) 395-6974.

A copy of the Paperwork Reduction Act (PRA) OMB submission, including the reporting form and instructions, supporting statement, and other documentation will be placed into OMB's public docket files. These documents also are available on the Federal Reserve Board's public website at <https://www.federalreserve.gov/apps/reportforms/review.aspx> or may be requested from the agency clearance officer, whose name appears above.

**SUPPLEMENTARY INFORMATION:** On June 15, 1984, OMB delegated to the Board authority under the PRA to approve and assign OMB control numbers to collection of information requests and requirements conducted or sponsored by the Board. Board-approved collections of information are incorporated into the official OMB inventory of

currently approved collections of information. Copies of the PRA submission, supporting statements, and approved collection of information instrument(s) are placed into OMB's public docket files.

**Final approval under OMB delegated authority of the extension for three years, with revision, of the following information collection:**

*Report title:* Federal Reserve Payments Study.

*Agency form number:* FR 3066a, FR 3066b.

*OMB control number:* 7100-0351.

*Frequency:* Annual.

*Respondents:* Depository and financial institutions, general-purpose payment networks, third-party payment processors, issuers of private-label cards, and providers of various alternative payment initiation methods and systems.

*Estimated number of respondents:* FR 3066a: 495; FR 3066b: 82.

*Estimated average hours per response:* FR 3066a: 22 hours; FR 3066b: 8 hours.

*Estimated annual burden hours:* FR 3066a: 10,890 hours; FR 3066b: 656 hours.

*General description of report:* These surveys help to support the Federal Reserve System's (Federal Reserve's) role in the payments system.<sup>1</sup> The FR 3066a and FR 3066b would consist of a full set of surveys for 2019 and, following the pattern established in the previous three-year period, smaller versions of the surveys for 2020 and 2021. The reference period for each survey is the previous calendar year. The Federal Reserve Payments Study (FRPS) publishes aggregate estimates of payment volumes and related information derived from the surveys.

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<sup>1</sup> The Federal Reserve plays a vital role in the U.S. payments system, fostering its safety and efficiency and providing a variety of financial services to depository institutions.

*Legal authorization and confidentiality:* The information obtained from the FR 3066 may be used in support of the Board's development and implementation of regulations, interpretations, and supervisory guidance for various payments, consumer protection, and other laws. Therefore, the FR 3066 is authorized pursuant to the Board's authority under the following statutes:

- Section 609 of the Expedited Funds Availability Act (12 U.S.C. 4008);
- Sections 904 and 920 of the Electronic Fund Transfer Act (15 U.S.C. 1693b and 1693o-2);
- Section 105 of the Truth In Lending Act (15 U.S.C. 1604);
- Section 15 of the Check Clearing for the 21<sup>st</sup> Century Act (12 U.S.C. 5014); and
- Sections 11, 11A, 13, and 16 of the Federal Reserve Act (12 U.S.C. 248, 248a, 342, 248-1, 360, and 411).

The FR 3066 is voluntary. Information collected on the FR 3066 may be granted confidential treatment under exemption (b)(4) of the Freedom of Information Act, 5 U.S.C. 552(b)(4), which protects from disclosure "trade secrets and commercial or financial information obtained from a person [that is] privileged or confidential."

*Current actions:* On March 27, 2019, the Board published a notice in the Federal Register (84 FR 11541) requesting public comment for 60 days on the extension, with revision, of the Federal Reserve Payments Study. The revisions to the survey questions reflect an increased focus on payments fraud and security concerns, adaptations to new developments in payments technology, feedback from responding institutions, and experience from analyzing the survey outcomes. While some questions would be added

as a result, as described below, more questions would be removed, resulting in a net reduction in questions for 2019 compared with 2016.

The Board is discontinuing the collection of check images from depository institutions via the Viewpointe archive that was used to support the Check Sample Study (CSS) (FR 3066c) in previous survey periods. The Federal Reserve Bank of Atlanta may continue a version of the CSS using sampled information from their own check processing operations, an approach that started in 2015. The Board is also discontinuing the optional FR 3066d because its purpose is redundant with the Payments Research Survey (FR 3067; OMB Control No. 7100-0355).

The comment period for this notice expired on May 28, 2019. The Board received one comment letter from a trade association.

#### **Detailed Discussion of Public Comments**

The comments contained in the comment letter, directed at FR 3066a, discuss the questions on volumes of payments and associated unauthorized third-party payments fraud (fraud) in the ACH section of the survey. The commenter suggests that the ACH information the Board collects in the ACH section of 3066a would be more accurate and reliable if it is consistently collected from originating depository financial institutions (ODFIs) instead of the receiving depository financial institution (RDFI). The proposed survey, however, does include volumes of payments and associated fraud from the ODFIs for ACH credits and ACH debits. Furthermore, the survey design and statistical estimation methods of the FR 3066a are based on collecting data from the paying bank side of all transactions, making collection of ACH debit volumes from the receiving depository financial institution (RDFI) necessary for accuracy and comparability with

other types of payments in the surveys. Published works based on past surveys used ACH debit payments and fraud volumes collected from RDFIs to estimate reported ACH debit and fraud totals, and such collections must continue for comparability. The ACH debit payments and fraud volumes from ODFIs were added to the 2016 survey.

The commenter also asserted that RDFIs would not be able to provide accurate information regarding the breakout of unauthorized ACH entries by same-day settlement and non-same-day settlement. In general, the Board expects that the paying bank and the collecting bank both have responsibilities to protect the payments system from fraud, and may have different information sets based on their unique perspectives. While the ODFIs are not the paying bank on ACH debits and therefore may not be ideal for the survey design and statistical estimation methods, their continued inclusion will nonetheless help to inform concerns about the accuracy, difficulty, and completeness of estimates constructed from both sources. For these reasons, the Board will retain the questions as written.

The comment letter also generally opposes the collection of same-day ACH data. Questions pertaining to same-day ACH volumes are included in the survey forms, in part, to allow the calculation of an aggregate fraud rate estimate for the associated fraud. Such data are unavailable from other sources, such as the ACH operators. Same-day ACH is relatively new, and public discourse has centered around whether ACH fraud would increase as a result of the faster settlement requirement. Although it is not possible to predict the outcome, the Board expects that the inclusion of the questions will help to inform concerns about data validity and estimate quality. The Board will retain the questions about same-day ACH payment and fraud volumes as written.

The comment letter asserts that the Board has singled out same-day ACH for the collection of fraud information while not asking “parties in other so-called faster” payment systems for fraud information. The FR 3066a, however, does collect fraud information about person-to-person (P2P) payments processed by the depository institutions, which is generally viewed as a faster payment alternative offered by those depository institutions. In addition, the FR 3066b attempts to collect comprehensive fraud data from P2P and money transfer processors, including those processors offering faster payment methods. The Board will retain the questions as written.

Board of Governors of the Federal Reserve System, July 9, 2019.

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